



Briefing for:	Children and Young People Scrutiny
Title:	Contracts in children's services
Purpose of briefing:	To inform members about the approach to procurement and commissioning, contracts in children's services and future direction of travel
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1. Introduction

This paper informs members about our approach to contracts in children's services.

The paper outlines:

- Our overall approach to procurement, commissioning and contract management
- The broad types of contracts in children's services and how they are managed
- Our future direction of travel

2. Information for Members

- 2.1 Contracts in children's services are the joint responsibility of the Children and Young People's Service (CYPS), which is effectively the customer, the Central Procurement Unit (CPU) and the Commissioning Unit, (which spans children's and adult services). These services work together to achieve the best outcomes for local residents and often work together with other partners, notably the Clinical Commissioning Group (the CCG), the police and local providers.



- 2.2 Contracts represent a stage in the commissioning and procurement cycle. Commissioning is an enabling function which supports the Council to achieve its wider priorities and outcomes. The current Corporate Plan has in part been delivered through adopting a commissioning approach which sets out the overarching objectives to be delivered and how this will be achieved.
- 2.3 Whilst the commissioning cycle sets out the Council's overall approach, different contracts will be at different stages in the cycle and indeed for some smaller scale contracts, it would not be necessary to go through the whole cycle. Contracts are often a culmination of processes which seek to ensure the Council most appropriately deploys its resources to meet identified need. The four stages of the cycle are:
- Understand - analysis of need, assets and resources is undertaken at a strategic, often population, level. Information is taken from a range of sources including needs assessments, existing services, demand profiles, customer engagement and insight and evidence gathered through processes such as Scrutiny Panels.
 - Plan - consideration is given to how best to meet the need given competing demands and the nature of the need. This stage is critical to ensuring that the service model or approach is best able to meet the need. It often involves researching evidence and best practice in other areas, working with a range of partners and testing out options for delivery against a set of criteria.
 - Do - implementation of the plan is undertaken, with a clear focus on the outcomes to be achieved. Sometimes this can include procurement and setting up of contracts within the voluntary, not-for-profit or private sector although at other times the plan may be to change the service model of directly provided services. Any procurement process would be undertaken at this stage in the cycle after a clear indication that going out to the market will deliver the best outcomes for Haringey residents.
 - Review - service models, services and contracts are reviewed and monitored on a regular basis. There is also an opportunity to evaluate services to assess their impact and whether they are delivering the desired outcomes. The review stage in the process may lead to the cycle being started again and a further focus on understanding the needs and assets of the local population.

3. Approach to procurement

- 3.1 In 2011 as part of the Haringey Efficiency and Savings Programme (HESP) a review of the procurement function (including transactional processing) of the Council was carried out in order to provide a new delivery model that was more efficient than the historic model. This resulted in the setting up of the CPU, which brought procurement officers from within the Council into a central unit. This was intended to create a more corporate and integrated approach to commissioning and procurement and to develop greater procurement capability within the organisation.



- 3.2 The CPU team works with commissioning managers to define the need and identify opportunities for the aggregation of contracts or other procurement strategies. Finance, legal and equalities are part of the initial planning and evaluation of tenders, while commissioners engage with end users to carry out consultation. CPU also arrange meet the buyer events to ensure market engagement.
- 3.3 CPU ensures value for money is achieved through a competitive procurement process to test the market with an appropriate service specification that sets out the correct level of service required and invites innovation from the market. The evaluation criteria are split into price and quality, this is governed by the procurement code of practise that set out the relative weighting in percentage terms. As a general rule, the weightings given to cost and quality are dependent on a number of factors including market dynamics, balance of risk, value of the contract to be awarded and affordability. Procurement officers must follow these guidelines as much as practically possible.

4. Commissioning

- 4.1 The Commissioning Unit has recently been established within the Council to ensure that the approach to commissioning as an organisation is a rounded one which fully explores each stage of the commissioning cycle.
- 4.2 As noted above, the commissioning cycle guides the process of decision making on how resources are deployed within the Council. Commissioners work with a range of stakeholders, including local residents, to ensure that the strategy, the service model and the delivery model are aligned to maximise impact. Increasingly, work is carried out in partnership, notably with colleagues in the police and in the CCG which are both commissioning bodies. There is also work at regional and sub-regional level as local authorities seek to gain economies of scale by working more closely with other London boroughs.
- 4.3 It is only after extensive needs assessment, asset and service mapping and planning, that proposals would be made about the overarching strategy and service model. Increasingly, commissioners have access to better data and are able to analyse it more intelligently to understand and forecast demand. It is then that there would be appraisal of the range of delivery models available to the Council in the voluntary, not-for-profit and private sectors which may be put in place following a procurement process. It is important to note that there is no presumption in favour of any particular delivery model at the start of the commissioning process and a number of options will always be appraised, including direct delivery by the Council. Examples of delivery models would include service delivery within another sector, mutualised social enterprise companies, joint ventures and partnership agreements under health and care legislation.
- 4.4 In addition, there are a variety of different contract forms which are available as part of the procurement process. These are considered at this stage and can include block contracts where the volume of demand for a service is well understood, framework agreements where it is possible to draw down services from a number of providers as need arises and contracts where payment by results or incentives for certain activities can be included.



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- 4.5 Increasingly, the Council is commissioning for outcomes, articulating clearly the outcomes to be achieved and tapping into the expertise of providers in how best to achieve those outcomes. This reinforces the overall focus of the Council in achieving change for local residents which matters to them.
- 4.6 Through carrying out needs assessment and asset and service mapping, Commissioners are able to assess the impact on equalities of going out to the market for particular services or of de-commissioning existing services. Commissioners carry out equalities impact assessments to identify any equalities issues that need to be addressed through the service specification. Consideration of equalities always forms part of the tendering process and is assessed at both the pre-qualification questionnaire in terms of reviewing the equalities policies of potential suppliers and as part of the Invitation to Tender process, testing their ability to implement their policies into the delivery of the specified service. Both of these evaluations are undertaken to ensure the bid meets Council standards, and provides equality of access to service. Where services are commissioned from external organisations, Haringey Council's standards terms and conditions require all suppliers to meet all equalities and diversity legislation and these expectations are embedded in the contract terms and are monitored through the contract management process.

5. Contract Management

- 5.1 Contract management forms part of the review stage in the commissioning cycle. It is critical in holding providers to account, in understanding how the service is performing and in assessing the delivery of outcomes.
- 5.2 As agreed in the re-organisation in 2011, CPU is involved in contract management on high risk contracts as defined by the risk assessment tool. Within the children and education market this involves attending at least one contract management meeting per annum; to ensure contract compliance and explore opportunities for efficiencies. Commissioners work with the service to monitor all contracts which offers an opportunity for any variations to be made to the service model which may become necessary. Where services are not performing well, the contract monitoring process becomes a way of working with providers to improve but also may provide information which leads to services being de-commissioned where they are not meeting the contract requirements.
- 5.3 CPU advises commissioners to ensure KPIs are included in service specifications to enable contract management. In all other contracts CPU are involved in contract management only where contract issues are escalated to them.
- 5.4 Commissioning managers also work with providers through, for example, Providers' Forums which are established across the range of contracts in children's services. These are an opportunity to work together to implement new policies for example and to drive up standards as appropriate.



6. Contracts in Children's Services

- 6.1 CPU work on a category management basis, with 17 market segments split between category managers. Children and Education is one of these market segments.
- 6.2 Within this market segment there are 289 contracts 271 of which are framework agreements with a nominal valued of £1, from which the service procure individual spot placements and 17 stand alone contracts with a total value of £6.18m. The majority of spend within CYPS is on the delivery of spot contracts for individual residential, semi-independent living and fostering placements and identification of resource, negotiation on price and the award of contracts are all managed by the business units.
- 6.3 CPU monitor spend and work with commissioners to identify opportunities through the 'ProcureTrak' spend data, this shows all expenditure within the market segment on a quarterly basis. The spend data based on April – June 2014 shows an overall spend of £5.61m with £1.46m of that showing as off contract. The data shows all spot contracts and direct payments as on contract, although they are not recorded on the contract register.
- 6.4 CPU and CYPS are also supporting the North London Category Manager for Children's Services to identify and put in place new models of service to improve quality and efficiency. A framework agreement for the fostering service has just been put in place for North London Boroughs to leverage joint spend and work is in progress to look at the local market for residential care.
- 6.5 The management information used by CPU through 'ProcureTrak' is based on market segments across the Council and not on business units, budgets or directorates. CPU look at spend across the organisation to identify potential opportunities and efficiencies. There is children's spend over a number of other markets segments which can be analysed through commissioners budgets.
- 6.6 The overall approach to contracts is to achieve value for money through contracting arrangements and to ensure use of agreed processes to engage all services. An example of how this has worked recently is the Council process for procuring consultants / Interims requires staff to submit a business case to their director for approval once approved they can then engage with the Council's contracted partners (London Boroughs Recruitment Partners Framework) and carry out a quote process to ensure value for money. Through a market segment analysis of Recruitment & People it has been identified that children's services have a number of consultancy services that are off contract. CPU is working closely with the service to on-board consultants to contracted partners to ensure compliance and value for money, as a result of this work a saving has been identified for CYPS, the work is ongoing across the Council. Contracts for consultants are closely monitored in CYPS to ensure value for money.
- 6.7 An example of a significant contract within CYPS is the contract with iMPower which seeks to improve outcomes for children, young people and families in the borough by building strategic capacity to better map and deliver future models of support and intervention. iMPower was engaged after a process which identified the need across the service for greater strategic capacity and technical expertise to take forward the improvement required within the service at the time, resulting in a competitive procurement process. The contract is managed day-to-day by an officer in CYPS to ensure value for money. The accountability for performance against clearly defined deliverables rests with the Haringey 54,000 Transformation Programme Board.



7. Future direction of travel

- 7.1 The Haringey 54k Programme represents a significant body of transformation for children's services which will rebalance it towards early help and enhanced working with local parents and families. The service, CPU and Commissioners are working closely together to ensure the transformation required.
- 7.2 As members are aware the Council faces a significant budget shortfall over the coming three years with over £70 million of savings required across the Council. There are many ways the Council is working to ensure value for money and an example would be in the approach to placements for looked after children. There is work underway to manage demand through an increased focus on practice and weekly Resource Panels which fully scrutinise whether there are alternatives to placement which have not been considered including packages of family and targeted support to enable children to stay at home. Implementation of the Early Help model is being taken forward at pace in order to offer alternatives through an early intervention and preventative approach. In addition, there is a greater focus on effective permanency planning and ensuring that reviews are carried out in a timely way. Commissioners have already moved across to a framework agreement for Independent Fostering Agencies which is achieving cost reductions on the previous spot purchasing approach. The contract for the recruitment and assessment of in-house foster carers will also start to bring efficiencies as the available pool of in-house foster carers is increased. Commissioners are also negotiating the costs of existing placements with providers with a view to driving out additional value.
- 7.3 The Council is actively developing its data and analytical capability to deliver both better outcomes and greater value for money. Understanding existing spend patterns across all services, including children's social care, is currently being taken forward as part of the Business Infrastructure Programme. This spend analysis will outline opportunity areas where the Council should be seeking to achieve greater value across its supplier base.
- 7.4 Managing and, where possible, reducing demand will be of critical importance and the Council is actively developing early help and prevention models which will reduce demand for high cost interventions. Where such interventions are required the Council is looking at how it can achieve better value from a range of suppliers in a number of different ways, for example moving from spot purchasing of care services to purchasing through block contracts while ensuring that the quality of care is maintained. The Council will do this through strengthening its own direct relationships with care providers and greater use of existing shared procurement frameworks which other London boroughs have developed. It will be critical for the Council to articulate clearly the outcomes it is seeking to achieve and engage openly with existing providers and the wider market in how innovative solutions can be brought forward.